



The President's Daily Brief

5 March 1973

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~~*Top Secret*~~

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

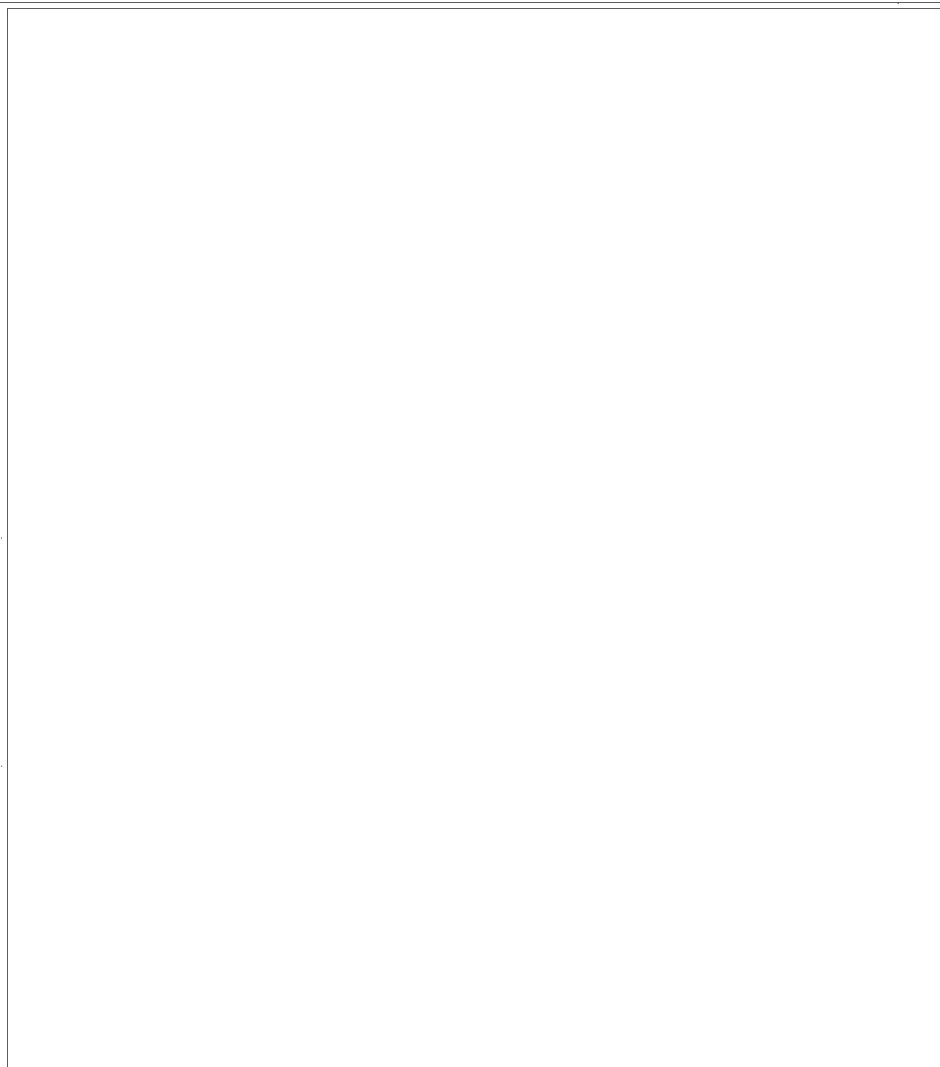
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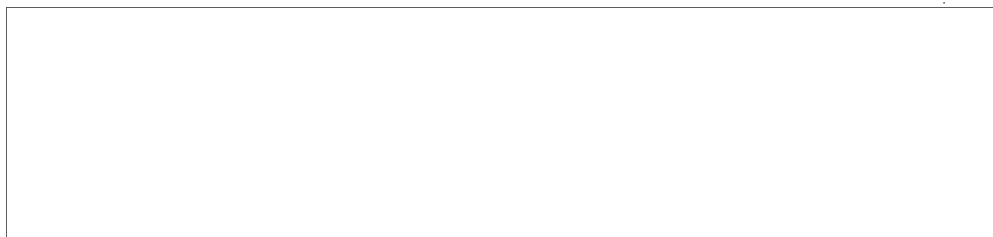


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EYES ONLY FOR THE PRESIDENT



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THE PRESIDENT'S DAILY BRIEF

5 March 1973

PRINCIPAL DEVELOPMENTS

Arab reactions to the tragedy in Khartoum range from attempts to justify the terrorist actions to Jordan's forthright condemnation. (Page 1)

Military action in Vietnam has picked up somewhat amid further indications that the Communists are strengthening some of their military units. (Page 2)

The EC finance ministers have put off any decision on the monetary crisis until next weekend. (Page 3)

Almost complete results of first round voting in the French legislative elections Sunday show President Pompidou's coalition trailing the leftist alliance in the popular vote, but well ahead in the number of seats won. (Page 4)

President Allende is claiming that the gains scored by government parties in the Chilean congressional elections yesterday signify growing public approval of his socialization program. (Page 5)

The Soviets probably have completed preparations for a countrywide military exercise that will include the major components of their armed forces. (Page 6)

In Laos, the joint political commission reportedly has reached preliminary agreement on the functions of the Joint National Political Council. (Page 7)

Brezhnev has accepted Chancellor Brandt's long-standing invitation to visit West Germany. (Page 8)

FOR THE PRESIDENT ONLY

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FEDAYEEN - ARAB STATES

Arab reactions to the tragedy in Khartoum range from attempts to justify the terrorists' actions to Jordan's forthright condemnation. The Sudanese appear undecided on how to deal with the Black September terrorists. A government statement yesterday said merely that Sudan would weigh its "international obligations" before deciding what to do. It reaffirmed support for the Palestinian cause notwithstanding the incident, reflecting Khartoum's awareness of the widespread sympathy in the Arab world for fedayeen terrorism. Although President Numayri said [redacted] he was determined to deal firmly with the terrorists, Deputy Undersecretary Macomber cautions that these assurances are given under the immediate impact of events and that this resolve may well weaken with the passage of time.

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Many Arab leaders, while privately expressing condolences, refuse to denounce the terrorist action publicly. Lebanon's Prime Minister Salam called upon the international community to find a solution to the Middle East problem that "prompts" certain Palestinians to resort to terrorism.

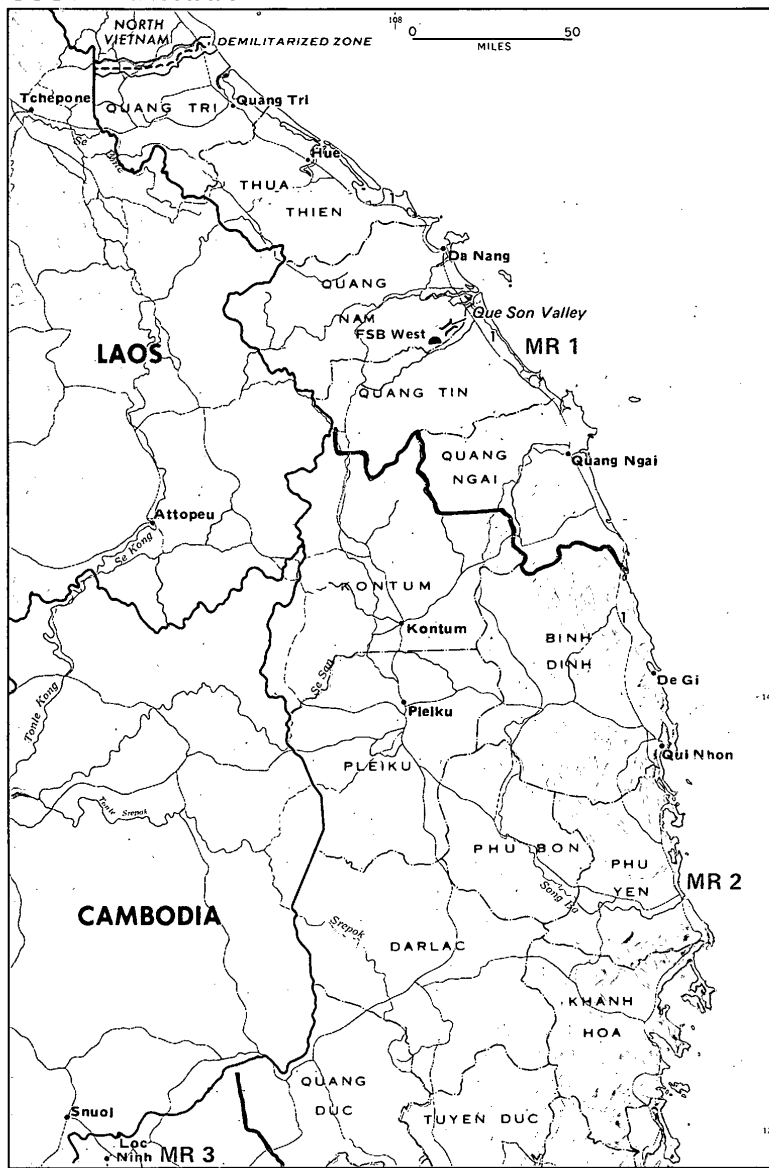
The Saudi reaction has been strongly critical. The Saudi foreign minister said his government would not intercede on behalf of the "killers for whom the lightest possible punishment was death."

The Saudis view the occupation of their Khartoum Embassy and detention of their ambassador as a grievous affront. We expect them to take a hard look at their financial support for the fedayeen as well as the status of some 10,000 Palestinians employed in Saudi Arabia.

Jordan is the only Arab government thus far to have denounced the terrorists categorically. There are further indications, meanwhile, that the Black September Organization is undertaking new operations aimed at seizing Jordanian officials and diplomats to serve as hostages for guerrillas held in Jordan. The announcement yesterday in Jordan of King Husayn's approval of death sentences against senior BSO official Muhammad Awadh and "several" other fedayeen will arouse the Black September still more.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM



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SOUTH VIETNAM

Military action has picked up somewhat. North and South Vietnamese units in northern Quang Tri Province exchanged heavy artillery fire during the weekend. [redacted] the Communists have sent additional personnel and weapons, including more tanks, into Thua Thien Province.

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[redacted]

Farther south in MR-1, the Communists are maintaining pressure around FSB West in the Que Son Valley and have resumed harassing attacks along Route 1 in southern Quang Ngai. Increased road harassment was reported in scattered provinces of MR-2, and sharp fighting continued near the government's coastal radar facility at De Gi in Binh Dinh Province.

There are indications that the Communists have strengthened their artillery units north of Saigon. Three Communist ralliers claimed on 27 February that they had recently seen twelve 130-mm. field guns being towed from Snuol, Cambodia to Loc Ninh District in northwestern Binh Long Province, according to the South Vietnamese National Police.

This is the first reported sighting of 130-mm. artillery in the southern half of the country, although intercepts had indicated that an artillery group would arrive in late February.

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INTERNATIONAL MONETARY DEVELOPMENTS

The EC finance ministers have put off any decision on the monetary crisis until next weekend. The ministers feel that the crisis is not of their making and that existing exchange rate relationships are sound. At French urging, the EC plans to invite the US and Japan to a conference in Paris on Friday. Although the finance ministers have agreed that proposals for a joint float, pooling of reserves, and EC-wide capital controls form "an adequate basis for defining a common position," wide differences remain. British Chancellor of the Exchequer Barber, for example, demanded stringent preconditions before taking part in a joint float, i.e., before repegging sterling. London also wants permission to readjust its exchange rate if the repegging proves unrealistic.

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French Finance Minister Giscard D'Estaing last night publicly came out against any float. [REDACTED]

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[REDACTED] Paris fears a loss of its trade competitiveness if, as seems likely, a joint float portends a revaluation of its franc. In any event, postponement of the problem gives Paris and London time to deal with their respective election and budget problems. Bonn remains the chief proponent of the joint float, and Finance Minister Schmidt has stated that the mark would be floated separately if agreement on a joint float is not possible. Tokyo has sent a representative to the US to discuss the situation. Meanwhile, major foreign exchange markets will remain closed, and European leaders will have an opportunity to see how free market forces operate on exchange rates in interbank trading. In early interbank trading today in London, sterling weakened sharply, probably in anticipation of a lower dollar rate if and when a joint float is realized. The dollar was generally firm against European currencies.

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FRANCE

Almost complete results of first round voting in the legislative elections Sunday show President Pompidou's coalition trailing the Socialist-Communist alliance by 2.4 percent in the popular vote, but well ahead in the number of seats won (48 for the coalition to the left's nine).

The sharp discrepancy between the popular vote and the number of seats won is primarily the result of gerrymandering favorable to non-urban areas where the government parties are strongest. This, along with a strong lingering fear of the Communists, may give the government the edge in the decisive runoff voting next Sunday.

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CHILE

Although they won a majority of the votes, President Allende's opponents will have trouble refuting his claim of victory in congressional elections held yesterday. Final results are not confirmed, but candidates of the Popular Unity coalition apparently won more than the 40 percent that Allende had said would constitute an "absolute victory." Last night Allende compared this outcome with the 36.3 percent he won in 1970 and contended that his gains signified growing public approval of his socialization program. The opposition parties retained a majority in both congressional houses, but the fact that the margin of seats in excess of Popular Unity legislators decreased, will also be hailed as a show of strength for Allende.

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USSR

The Soviets probably have completed preparations for a countrywide military exercise that will include the major components of their armed forces. Preparations and rehearsals may have been under way for the last month.

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These preparations have involved military units throughout the USSR, but much of the activity of the ground forces and long-range aviation has been in the Sino-Soviet border area.

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Past exercises of this type have involved launches of strategic missiles, simulated strikes by long-range bombers, naval deployments, and extensive field training by the ground forces. The last was held about a year ago.

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NOTES

Laos: As the military action continues to wane, the joint political commission has reached preliminary agreement on the functions of the Joint National Political Council [redacted]

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[redacted] Its primary role will be to prepare for new National Assembly elections. The Communist delegates indicated, however, that all arrangements worked out so far are subject to final review by their chief negotiator, Phoumi Vongvichit, when he returns from consultations in Hanoi and Sam Neua.

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USSR - West Germany: Brezhnev has accepted Chancellor Brandt's long-standing invitation to visit West Germany. No specific date has been set for the visit--the first by a top-ranking Soviet official--but it is expected to occur before summer. Despite occasional frictions, Soviet - West German relations remain generally good and the Brezhnev trip is intended as a further demonstration of Moscow's desire for a reconciliation with Bonn.

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